

ORDER NO. 79652

IN THE MATTER OF VERIZON MARYLAND
INC.'S TARIFF NO. 218.

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

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CASE NO. 8913

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By this Order the Public Service Commission ("Commission") resolves two issues regarding Verizon Maryland Inc.'s ("Verizon's") collocation tariff, Tariff No. 218. The issues come before the Commission upon the appeal by AT&T Communications of Maryland, LLC ("AT&T") from the Proposed Order of Hearing Examiner entered in this proceeding on July 15, 2004.

The first issue on appeal concerns that information, if any, which Verizon should be required to provide to competitive local exchange carriers ("CLECs") regarding collocation space which the CLEC has returned to Verizon. The Hearing Examiner concluded that Verizon should not be required to provide reports, but should respond to specific requests for information. The Hearing Examiner further indicated that if a dispute arose regarding the accuracy and timeliness of the collocation information provided by Verizon, the requesting carrier could file a complaint. AT&T appealed these findings and asks that the Commission direct Verizon to provide to requesting CLECs an annual report that provides the following:

- (1) name of central office where the requesting CLEC has returned collocation space;
- (2) the amount of space returned by the requesting CLEC;
- (3) the dates upon which the CLEC obtained and returned the space; and

(4) an estimate of the available collocation space at the particular central office. AT&T argues that this very basic information would, at least, allow a CLEC to reconcile its information with the information maintained by Verizon.

Verizon opposes AT&T's request, asserting that it would be administratively burdensome to produce the suggested report and that the report would have little value. Moreover, Verizon notes that it provides information, via its website, regarding the amount of collocation space available in its central offices.

The Commission has considered the arguments raised by the parties with respect to this issue, and concludes that Verizon shall provide an annual report to any CLEC which requests a report, containing the first three items suggested by AT&T. The Commission does not believe that providing this report is unduly burdensome, particularly since Verizon maintains this information in the ordinary course of business. Provision of this report will help to insure that Verizon and competing carrier records are in accord, and hopefully, will eliminate disputes in future years regarding refund obligations, if any. The Commission notes that information similar to the fourth item requested by AT&T is already made available on Verizon's website. Therefore, Verizon is not required to include such information in the annual reports noted above.

The second issue on appeal concerns the number of years over which the up-front non-recurring, construction and space conditioning charges paid by competing carriers are to be amortized. The amortization period matters because Verizon's tariff provides for a refund to vacating carriers of a pro-rata share of the non-recurring charge, upon

reuse of the space by another carrier or Verizon.¹ The Hearing Examiner adopted Verizon's position that the charge should be amortized over twelve years. AT&T, on appeal, asserts that the charge should be amortized over thirty years.

AT&T argues that a thirty-year amortization period is appropriate because the item being amortized is the cost of construction and of conditioning raw space for occupancy. AT&T contends that the Hearing Examiner was mistaken in adopting a twelve-year amortization period, because this period corresponds more closely to the period used to depreciate telecommunications equipment. Finally, AT&T notes that the Federal Communications Commission ("FCC") has adopted a thirty-year amortization period for inclusion in Verizon's federal collocation tariff.

Verizon asserts that a twelve-year amortization period is correct because the FCC has adopted a twelve-year economic life for digital circuit equipment, which is the type of equipment used in collocation cages. Verizon also notes that a twelve-year amortization period will result in lower charges to new collocating carriers while a thirty-year amortization period will result in larger refunds to carriers who have vacated their collocations.

The Commission has considered the arguments presented and concludes that a thirty-year amortization period should be employed in calculating refunds of the non-recurring charges paid by vacating collocators. The thirty-year period closely reflects the period generally used to depreciate construction and space conditioning costs. The costs

¹ The significance of the different amortization periods is explained as follows: If a carrier paid a non-recurring charge to Verizon of \$120,000 in Year 1 and maintained the collocation space for 3 years before returning it to Verizon and Verizon reused the space in Year 5, under a 30-year depreciation schedule, the carrier would be entitled to a \$100,000 credit (original payment of \$120,000 less \$20,000 (5/30th) for use of the space). On the other hand, under a 12-year depreciation schedule, the carrier would only be entitled to a \$70,000 credit (original payment of \$120,000 less \$50,000 (5/12th) for the use of the space).

being amortized in this instance are the costs of constructing a cage, providing electrical outlets, and the cost of partitioning the collocation area from the remainder of the central office. The twelve-year amortization period adopted by the Hearing Examiner may be appropriate for depreciation of telecommunications equipment, but it is irrelevant to the collocation costs at issue here. Moreover, the Commission notes that the FCC has adopted a thirty-year amortization period for use in Verizon's federal collocation tariff for a similar purpose. Finally, the thirty-year period appropriately returns payments to the carrier who made the payment while the twelve-year period inappropriately transfers the benefit of the payment to a new carrier.

IT IS THEREFORE, this 2nd day of December, in the year Two Thousand and Four,

ORDERED: 1) That the Proposed Order of the Hearing Examiner is hereby modified by this Order;

2) That Verizon shall provide an annual report to any CLEC which requests a report, containing the name of central office where the requesting CLEC has returned collocation space; the amount of space returned by the requesting CLEC; and the dates upon which the CLEC obtained and returned the space; and

3) That Verizon shall use a thirty-year amortization period in calculating refunds to vacating collocators upon reuse of the vacated space.

By Direction of the Commission,

O. Ray Bourland
Executive Secretary